

ORDER NO. 5904

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Before Commissioners:

Michael Kubayanda, Chairman;
Ashley E. Poling, Vice Chairwoman;
Mark Acton;
Ann C. Fisher; and
Robert G. Taub

Competitive Product Prices
Inbound E-format Letter Post

Docket No. CP2021-94

ORDER APPROVING PRICES FOR INBOUND LETTER POST
SMALL PACKETS AND BULKY LETTERS

(Issued May 28, 2021)

I. INTRODUCTION

On May 14, 2021, the Postal Service provided notice of specific per-item and per-kilogram self-declared prices for its Inbound Letter Post Small Packets and Bulky Letters product effective on January 1, 2022.¹ For the reasons given below, the Commission approves the proposed prices for Inbound Letter Post Small Packets and Bulky Letters.

II. BACKGROUND

¹ Notice of the United States Postal Service of Rates Not of General Applicability for Inbound E-Format Letter Post, and Application for Non-Public Treatment, May 14, 2021, at 1 (Notice).

Inbound Letter Post Small Packets and Bulky Letters. Effective January 1, 2020, Inbound Letter Post Small Packets and Bulky Letters were transferred to the Competitive product list.²

Notice. In this proceeding, the Postal Service proposes specific per-item and per-kilogram self-declared prices for Inbound Letter Post Small Packets and Bulky Letters to be effective on January 1, 2022. Notice at 1. Under the Universal Postal Convention, if the Postal Service opts to self-declare rates for small packets and bulky letters, it must submit self-declared rates for Inbound Letter Post Small Packets and Bulky Letters that would take effect on January 1, 2022, by June 1, 2021.³ The Postal Service states that the proposed prices comply with 39 U.S.C. § 3633(a). Notice at 3-4.

Initial Commission action. On May 17, 2021, the Commission issued a notice establishing the docket, appointing a Public Representative, and providing interested persons with an opportunity to comment.⁴

Information request. On May 21, 2021, the Commission issued Chairman's Information Request No. 1.⁵ CHIR No. 1 asked the Postal Service to clarify certain volume adjustments made in the financial workpapers that accompanied the Notice. CHIR No. 1 at 1. The Postal Service responded to CHIR No. 1 on May 25, 2021, providing the requested clarification.⁶

² Docket Nos. MC2019-17 and CP2019-155, Order Granting Postal Service's Motion and Approving Prices for Inbound Letter Post Small Packets and Bulky Letters, December 19, 2019, at 18 (Order No. 5372); see also Docket No. MC2019-17, Order Conditionally Approving Transfer, January 9, 2019 (Order No. 4980).

³ *Id.* at 2; Second Additional Protocol to the Universal Postal Convention (Universal Postal Union (UPU) Convention) Article 28bis.1. The UPU Convention is available at, http://www.upu.int/uploads/tx_sbdownloader/actsActsOfTheExtraordinaryCongressGenevaEn.pdf.

⁴ Notice and Order of Rates Not of General Applicability for Inbound E-Format Letter Post, and Application for Non-Public Treatment, May 17, 2021 (Order No. 5891).

⁵ Chairman's Information Request No. 1, May 21, 2021 (CHIR No. 1).

⁶ Response of the United States Postal Service to Chairman's Information Request No. 1, May 25, 2021 (Response to CHIR No. 1).

III. PROPOSED SELF-DECLARED RATES

The Postal Service proposes specific per-item and per-kilogram self-declared rates for the Inbound Letter Post Small Packets and Bulky Letters product effective January 1, 2022. Notice at 1. The Postal Service states that these “self-declared rates will be charged to other UPU designated postal operators, except to the extent that the UPU Convention establishes terminal dues rates that the Postal Service must charge in lieu of self-declared rates for certain low-volume letter-post streams dispatched from other countries[.]” *Id.* at 2-3. Specifically, the Postal Service states that UPU terminal dues rates would apply to UPU Group II and III countries that have annual mail flows less than 25 metric tons and to UPU Group IV countries with annual mail flows less than 100 metric tons. *Id.* at 3 n.9. The Postal Service also asserts that, as shown in the supporting financial workpapers, the proposed prices for the Inbound Letter Post Small Packets and Bulky Letters product satisfy the statutory and regulatory requirements for Competitive products. *Id.* at 4.

IV. COMMENTS

The Public Representative filed comments on May 24, 2021.⁷ No other interested person filed comments. The Public Representative concludes that the proposed prices for the Inbound Letter Post Small Packets and Bulky Letters product satisfy the requirements of 39 U.S.C. § 3633(a). PR Comments at 2. Accordingly, she recommends approval of the proposed prices. *Id.*

V. COMMISSION ANALYSIS

Inbound Letter Post Small Packets and Bulky Letters. The Commission reviews price changes for Competitive products in terms of the criteria in 39 U.S.C. § 3633(a). These criteria prohibit the subsidization of Competitive products by Market Dominant

⁷ Public Representative Comments on Postal Service Notice of Rates for Inbound E-Format Letter Post, May 24, 2021 (PR Comments).

products (§ 3633(a)(1)); require each Competitive product to cover its attributable costs (§ 3633(a)(2)); and require Competitive products as a whole to cover an appropriate share of institutional costs (§ 3633(a)(3)). As long as the revenue generated by the product exceeds its attributable cost, the proposed prices are unlikely to reduce the contribution of Competitive products as a whole or to adversely affect the ability of Competitive products as a whole to contribute an appropriate share of institutional costs. In other words, if the Competitive product covers its attributable costs, the proposed prices are likely to comply with 39 U.S.C. § 3633(a).

The Commission has reviewed the Notice, supporting data filed under seal, and comments. According to the workpapers filed by the Postal Service, the total projected revenue for Inbound Letter Post Small Packets and Bulky Letters from terminal dues and self-declared rates in the 12-month period of Calendar Year 2022 exceeds the total projected attributable costs for Inbound Letter Post Small Packets and Bulky Letters. The Commission finds that the proposed prices should generate sufficient revenue to cover the costs attributed to the Inbound Letter Post Small Packets and Bulky Letters product. The Commission, therefore, concludes that the new Competitive prices comply with 39 U.S.C. § 3633(a) and 39 C.F.R. part 3035.

VI. APPLICATION FOR NON-PUBLIC TREATMENT FOR SELF-DECLARED RATES

The Postal Service filed specific per-item and per-kilogram self-declared prices with its Notice. See Notice, Attachment 2. The Postal Service filed these self-declared rates under seal and requests that the Commission afford these self-declared prices non-public treatment. *Id.* Attachment 1. In prior, similar proceedings, the Commission determined to unseal the specific per-item and per-kilogram self-declared rates for Inbound Letter Post Small Packets and Bulky Letters.⁸

⁸ See, e.g., Docket No. CP2020-120, Final Determination to Unseal Self-Declared Rates for Inbound Letter Post Small Packets and Bulky Letters, June 3, 2020 (Order No. 5527).

The Commission will review the arguments raised in the Postal Service's application for non-public treatment in a subsequent order to address whether the Commission will accord non-public treatment to the specific self-declared rates.

VII. ORDERING PARAGRAPHS

It is ordered:

1. The Commission concludes that the self-declared rates for the Inbound Letter Post Small Packets and Bulky Letters product proposed in the Notice of the United States Postal Service of Rates Not of General Applicability for Inbound E-Format Letter Post, and Application for Non-Public Treatment comply with 39 U.S.C. § 3633(a) and 39 C.F.R. part 3035. The proposed prices may take effect as scheduled.

By the Commission.

Erica A. Barker
Secretary